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December 7, 2022

Board of Trustees
Food Employers Labor Relations Association and United Food &
Commercial Workers' VEBA Fund
Landover, Maryland 20785

Re: Conifer Health Solutions Renewal Effective January 1, 2023

Dear Trustees:

We have received and reviewed Conifer Health Solution's (Conifer) proposed renewal for utilization management and personal health management effective January 1, 2023 through December 31, 2025. An explanation of the renewal follows.

Renewal Proposal

Conifer initially proposed a three-year renewal under the current services with total per member per month (PMPM) rates increasing 11.0%, 4.7%, and 4.5% in renewal years 2023, 2024, and 2025, respectively. Following negotiations, Conifer revised their proposed increases as shown in the chart below:

Conifer Renewal Effective January 1, 2023 through December 31, 2025				
	Current Rates	Negotiated Renewal Rates		
Effective January 1,	2020	2023	2024	2025
Utilization Management	\$1.03	\$1.11	\$1.14	\$1.18
Personal Health Management	\$2.80	\$3.02	\$3.11	\$3.20
Total PMPM	\$3.83	\$4.13	\$4.25	\$4.38
Total % Change	-	7.8%	2.9%	3.1%
Total Annual Premiums*	\$701,300	\$756,200	\$778,200	\$802,000
Difference from Previous Year	-	\$54,900	\$22,000	\$23,800

*Based on 15,259 members.

Negotiations have resulted in savings of \$108,100 over the three-year period.

In an effort to mitigate the renewal increases, Conifer also provided two alternate renewal options for your consideration. These options remove some items from the Utilization Management trigger list. The items to be removed were identified by the Conifer Clinical team as items that provide less value. By removing items from the trigger list, Conifer was able to further adjust their renewal. Conifer offered two options as follows:

- **Option 1:** This option eliminates triggers for hospice, all outpatient surgery, rehabilitation therapy (PT/ OT/ ST), home health, DME less than \$1,500, and DME CPAP.

- **Option 2:** This option eliminates the same triggers as in Option 1, with the exception of high-cost outpatient surgeries. The high-cost outpatient surgeries that would remain on the trigger list are back surgeries including all fusions, any implantable devices, breast reconstruction, gender reassignment, cosmetic surgery, cochlear implants, and joint replacements. It is important to note that the outpatient surgery trigger has provided costs savings of nearly \$128,900 over the past 12-months, but most of those savings were generated on a small number of reviews that were concentrated in the types of higher cost outpatient procedures listed above.

In addition, Conifer recommends adding a Utilization Management trigger for infusions at no additional cost due to the infrequency of the trigger. However, if it does occur, it can be a high-cost event to the Fund.

The chart below compares the fees and annual cost of the various proposals:

	2020	2023	2024	2025	2022-2024 Total Premiums	Change from Negotiated
Current Fee	\$3.83					
PMPM Fees						
Negotiated Renewal		\$4.13	\$4.25	\$4.38	\$2,336,400	
Option 1		\$4.02	\$4.14	\$4.27	\$2,276,100	-\$60,300
Option 2		\$4.04	\$4.16	\$4.29	\$2,287,000	-\$49,400
% Change						
Negotiated Renewal		7.8%	2.9%	3.1%		
Option 1		5.0%	3.0%	3.1%		
Option 2		5.5%	3.0%	3.1%		

Financial Strength

Segal believes that it is important for clients to consider the financial strength of insurance companies, which are candidates for initial selection or renewal as insurers to employee benefit plans. Several rating services (e.g., Standard & Poor's, Fitch and Moody's) provide claims paying ability evaluations of insurance companies.

However, neither A.M. Best nor Standard & Poor's have published a rating for Conifer Health Solutions. You may therefore wish to pursue other means of determining the financial strength of this vendor.

We look forward to discussing this information with you. Please let us know if you have any questions.

Regards,

A handwritten signature in black ink, appearing to read 'Josh Timm', is written over a light blue horizontal line.

Josh Timm
Senior Vice President

jt/baa

cc: Mr. David Jensen
Ms. Anne-Marie Sims
Mr. Christopher Heppner
Mr. Thomas Wyszomirski
Ms. Lauren Fratzke